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SACHI A. HAMAI
Interim Chief Executive Officer



January 6, 2015

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

**U.S. SAVINGS BONDS PROGRAM**

This is in response to a request by Supervisors Michael D. Antonovich and Mark Ridley-Thomas regarding the feasibility of reinstating the County's U.S. Savings Bonds Program. We have completed our assessment and reinstatement of the noted program is not being pursued at this time due to program changes implemented by the U.S. Treasury Department (Treasury).

**BACKGROUND**

The CEO's Office of Workplace Programs & Marketing (WPM) managed the U.S. Savings Bonds (Bonds) program between the early 1970's and 2010 in which County employees purchased U.S. EE and I Savings Bonds on a one-time or recurring basis via payroll deduction. During the program's existence, approximately 5,000 employees purchased savings bonds.

Once an employee opted to purchase bonds via payroll deduction, they prepared a form with the amount and other pertinent information, including home address, for the Auditor-Controller (A-C), who then sent the information to the Treasury. The Treasury processed the request and sent the appropriate bonds directly to the employee's address.

In 2010, the Treasury terminated the production and distribution of paper savings bonds and moved the entire process online. Because of these changes, the County and all other counties in Southern California ended their bonds programs. The termination of the County's Bonds program was communicated to Department Heads and employees in a memo dated December 6, 2010 and noted the final payroll deduction date as of December 15, 2010. Employees who were interested in purchasing bonds were referred to the Treasury website at www.treasurydirect.gov.

On March 22, 2011, Supervisor Mark Ridley-Thomas and Supervisor Michael D. Antonovich directed the CEO to conduct a survey to assess employee response to the changes in the manner in which bonds are purchased. The CEO created a survey and sent it to the 2,062 employees who last participated in the Bonds program.

In a Board memorandum dated October 18, 2011, the CEO reported the survey results, and among other things, noted that: more than 75 percent of the responding employees favored the County re-establishing a payroll deduction program; and in comparing different purchase options, employees preferred that the County re-establish a payroll deduction bonds program (75 percent), rather than use an outside vendor (less than 100 employees).

In summary, the memorandum noted that the CEO would work with the Auditor-Controller (A-C) to determine estimated start-up and ongoing costs for re-establishing a self-funded payroll deduction program for the purchase of bonds and return to the Board with recommendations.

**PROGRAM STATUS**

Currently, the County does not have a Bonds program as the new requirements by the Treasury dramatically changed the process of obtaining them. In order to purchase bonds, an employee must establish an online account with the Treasury and transfer money into that account to make their purchase. Although an employee may set-up an on-going monthly payroll deduction with the A-C to transfer monies into the Treasury account; the employee is required to sign into their Treasury account and utilize these funds to purchase each and every bond online. Reinstating a County Bonds program would require employees to complete these extra steps.

WPM has worked with many employees that participated in the 2011 survey and expressed an interest in re-establishing a Bonds program; however, once the process is explained not a single employee has opted to sign-up. Despite assistance by WPM, employees are just not interested in pursuing as they find the Treasury website too difficult and/or too much trouble to use. Many employees have indicated that they do not have access to a computer. Lastly, employees have noted that they wanted the Bonds program re-established as a payroll deduction and with bonds sent to them each month – "the way the old U.S. Savings Bonds program worked." There is no interest in a program which requires employees to manage their account with the Treasury each month and does not provide them with a "paper" bond.

**CONCLUSION**

Based on employee input, reinstatement of the Bonds program will not be pursued at this time. Employees have indicated a strong dislike and unwillingness to utilize the Treasury's website for transactions. In addition, analysis of the survey and weekly inquiries received by WPM indicates a lack of interest in a new Bonds program.

Should the Treasury change their process of how U.S. Bonds are purchased so that it better fits the expectations and needs of our employees, the CEO will reconsider reinstating the program at that time and advise the Board.

SAH:SHK:MLM
TG:mr

c: Executive Office, Board of Supervisors
County Counsel